

RESOLUTION NO. LPFA2010-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LODI  
PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE  
AND SALE OF WATER REVENUE BONDS TO FINANCE THE  
CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS, AND  
APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

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WHEREAS, the City of Lodi (the "City") owns and operates facilities and property for the supply, treatment, and distribution of water within the service area of the City (the "Water System"); and

WHEREAS, in order to provide funds to finance the construction of additional improvements to the Water System (the "Water Projects"), the Lodi Public Financing Authority (the "Authority") proposes to issue its 2010 Water Revenue Bonds (the "Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to provide revenues which are sufficient to pay debt service on the Bonds, the Authority proposes to sell the completed Water Projects to the City under an Installment Sale Agreement, for a purchase price to be paid by the City in semiannual installments during the term of the Bonds; and

WHEREAS, the Authority proposes to sell the Bonds on a negotiated basis to Stone & Youngberg LLC, as underwriter (the "Underwriter"); and

WHEREAS, the Board of Directors of the Authority wishes at this time to take action approving such financing transactions and all related documents and actions.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lodi Public Financing Authority as follows:

Section 1. Approval of Financing Plan; Authorization of Bonds. The Board of Directors hereby approves the financing plan described in the recitals of this Resolution. To that end, the Board of Directors hereby authorizes the issuance of the Bonds under the Bond Law in the aggregate principal amount of not to exceed \$45,000,000.

Section 2. Approval of Related Financing Agreements. The Board of Directors hereby approves each of the following agreements required to implement the financing plan to be accomplished by the Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director or the Treasurer (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

- (a) Indenture of Trust between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, prescribing the terms and conditions upon which the Bonds will be issued.

- (b) Installment Sale Agreement between the Authority and the City, under which the Authority agrees to sell the completed Water Projects to the City in consideration of semiannual installment payments.
- (c) Bond Purchase Agreement among the Authority, the City and the Underwriter, under which the Underwriter agrees to purchase the Bonds from the Authority.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of each of the foregoing agreements, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 3. Sale of Bonds. The Board of Directors hereby approves the negotiated sale of the Bonds to the Underwriter. The Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement which is approved under Section 2. The Board of Directors hereby delegates to an Authorized Officer the authority to accept an offer from the Underwriter to purchase the Bonds, provided that the true interest cost of the Bonds shall not exceed 6.0% and the maximum amount of Underwriter's discount on the sale of the Bonds shall not exceed 0.85% of the par amount of the Bonds; provided, however, (i) if an Authorized Officer, after consultation with the Authority's bond counsel and financial advisor and the Underwriter, concludes that it will be economically beneficial to the Authority to issue all or a portion of the Bonds as taxable bonds under the Build America Bonds program created by the American Recovery and Reinvestment Act of 2009, then the Bonds (or a portion of the Bonds, in a second series) may be issued as taxable bonds, and the true interest cost of such taxable bonds shall not exceed 8.5%. The final form of the Bond Purchase Agreement shall be executed in the name and on behalf of the Authority by an Authorized Officer.

Section 4. Official Statement. The Board of Directors hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in the form on file with the Secretary, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the purchaser of the Bonds a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of the Authority. The Board of Directors hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

Section 5. Official Actions. The Chair, the Executive Director, the Treasurer, the Secretary, the Authority's general counsel and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including any documentation relating to municipal bond insurance if an Authorized Officer concludes, after consultation with the Authority's bond counsel, the Authority's financial advisor and

the Underwriter, that it would be cost-effective to purchase such insurance. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

Dated: October 6, 2010

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I hereby certify that Resolution No. LPFA2010-01 was passed and adopted by the Board of Directors of the Lodi Public Financing Authority in a regular meeting held October 6, 2010, by the following vote:

AYES: BOARD MEMBERS – Hansen, Johnson, and  
Chairperson Katzakian

NOES: BOARD MEMBERS – Hitchcock and Mounce

ABSENT: BOARD MEMBERS – None

ABSTAIN: BOARD MEMBERS – None

A handwritten signature in black ink, appearing to read 'R. JOHL', with a stylized flourish at the end.

RANDI JOHL  
Secretary

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